

STATEMENT OF  
SECRETARY OF TRANSPORTATION DREW LEWIS  
BEFORE THE  
SENATE COMMERCE, SCIENCE AND TRANSPORTATION  
SUBCOMMITTEE ON MERCHANT MARINE  
CONCERNING THE PROPOSED TRANSFER OF THE  
MARITIME ADMINISTRATION TO THE DEPARTMENT OF TRANSPORTATION  
ON JUNE 19, 1981

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before you this morning to discuss the Administration's proposed transfer of the Maritime Administration to the Department of Transportation.

The President is proposing this transfer in order to revise the Federal government's framework for formulating maritime policy. The maritime industry represents a key component of the national transportation system as well as an important sector of the U.S. economy, and the Department of Transportation's statutory responsibility for promoting an efficient, coordinated national transportation service requires that the maritime sector be included in its mandate.

Furthermore, centralization of maritime authority is essential to any effort to reform U.S. policy affecting the ocean shipping industry. The Shipping Act and the Merchant Marine Act have not brought the benefits to the industry that Congress intended when it passed them. The 96th Congress attempted to address the need for comprehensive revisions of Federal policies affecting the industry, but could not reach agreement on how to achieve that objective. The transfer of the Maritime Administration will make it possible for the Executive branch to contribute more meaningfully to that process.

There are several major reasons for transferring the Maritime Administration to the Department of Transportation:

- To provide through the Department the opportunity to develop a viable maritime policy in the context of our overall transportation policy. The maritime sector never has been adequately considered in the development of overall national transportation policy.

- To provide through the Secretary of Transportation, a central spokesperson for maritime interests. It is crucial to the development and implementation of a viable maritime policy that the Administration has a designated cabinet-level spokesperson to deal with these matters.

- To allow DOT to develop an integrated, intermodal national transportation system. Recent developments in transportation equipment, spearheaded by containerization, have integrated the different modes of transportation -- including the ocean shipping industry -- to the point where closely coordinated government decisionmaking is desirable.

- To allow DOT to evaluate the entire national transportation system in order to improve the export performance of the United States. It will require a coordinated effort to examine inland waterway and other surface transportation systems, port access and port development, as well as the U.S. merchant marine industry. Transferring MarAd to DOT will improve that effort.

- To manage and coordinate Federal maritime policy and programs more effectively by placing the two primary maritime agencies, the Coast Guard and MarAd, in one department. More effective coordination of Coast Guard and MarAd responsibilities in the area of ports will facilitate port development. Coordination of the Coast Guard and MarAd research and development programs will lead to the development of a more effective R&D program, which should benefit the maritime industry. And we will be carefully considering the impact of regulation on competitiveness.

Let me say just a word or two about MarAd's functions and the proposed legislation. As you know, the Maritime Administration, which is primarily responsible for the promotional aspects of our ocean shipping industry, was created by reorganization plan in 1950 as an agency of the Department of Commerce. Its specific functions include: (1) administering construction and operating differential subsidies that are designed to offset the higher costs of construction in domestic shipyards and use of U.S. crews; (2) administering a ship financing guarantee program for U.S. flag vessels built in U.S. shipyards; (3) administering the National Defense Reserve Fleet program; (4) promoting port development to facilitate cargo transfer and intermodal operations; (5) directing a research and development program aimed at increasing the efficiency, productivity, and competitiveness of the U.S. merchant fleet; (6) administering the tax deferral capital construction fund program; and (7) administering the U.S. Merchant Marine Academy and federal programs relating to six state maritime academies.

The intent of the proposed legislation is to move the Maritime Administration and its supporting resources intact to DOT where it will function as a modal administration, similar to the Coast Guard, the FAA, UMTA, and others. The only maritime programmatic functions which would continue to be carried out by the Department of Commerce are those currently administered by NOAA's National Marine Fisheries Service, specifically the Fishing Vessel Obligation Guarantee Program and the Capital Construction Fund Program, both established by the Merchant Marine Act of 1936. The MarAd Administrator will report directly to me, as do the Administrators of all the other modal administrations, and MarAd will continue to play a major role in maritime policy development.

The proposed legislation is a straightforward transfer of MarAd, containing only the technical, procedural changes needed to accomplish the transfer and to amend current law to reflect that transfer. It contains no substantive maritime policy whatsoever.

There are no easy or quick solutions to the problems of the ocean shipping sector of the U.S. economy. Innovative change will be required. Transferring the Maritime Administration to DOT will not, by itself, solve the problems. But it will establish a new, more effective organizational framework within which to attack the old problems. The future of the merchant marine and the maritime industry ultimately depends on making maritime transportation a viable component of an effective national transportation system. The Department of Transportation is the executive agency that has the statutory responsibility to develop and oversee this system. We welcome the challenge and the opportunity, and we look forward to working with the members of this Committee and the staff in the coming months to develop an effective maritime policy.

This completes my statement, Mr. Chairman. I would be happy to answer any questions members of the Committee may have about the procedural aspects of the proposed Maritime Administration transfer.

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